

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN DAVE LEWIS**, on February 3, 2003 at 3:30 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chairman (R)
Rep. Edith Clark, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Tim Callahan (D)
Rep. Stanley (Stan) Fisher (R)
Rep. Eve Franklin (D)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. John Musgrove (D)
Rep. Rick Ripley (R)
Rep. John Sinrud (R)
Rep. John Witt (R)

Members Excused: Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)
Rep. Joey Jayne (D)
Rep. Carol C. Juneau (D)
Rep. Jeff Pattison (R)

Members Absent: None.

Staff Present: Jon Moe, Legislative Branch
Mary Lou Schmitz, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 109, HB 125, HB 231, 1/29/2003
Executive Action: None

HEARING ON HB 109

Sponsor: REP. CHRISTOPHER HARRIS, HD 30, Bozeman

Opening Statement by Sponsor:

REP. HARRIS said the bill is to take a look at the entire Montana Code and decide which statutes are antiques, obsolete, contradictory, confusing, unconstitutional etc. The version of the bill this year is intended to be simplified by having just a five-member Interim committee: Four legislators and one appointee of the Governor. It would be their job to receive recommendations from the Agencies and to get their recommendations on which Code provisions happen to be contradictory, etc.

Proponents' Testimony:

Mike Barrett, Helena

Opponents' Testimony:

Mike Fellows, Chairman, Montana Libertarian Party

Informational Testimony: None

Questions from Committee Members and Responses:

REP. HEDGES asked **REP. HARRIS** if it would be possible for the committee to have some kind of rule that there would be no net gain if a legislator proposed a bill in order to decrease the number of bills. **REP. HARRIS** said such a recommendation could well come forward from the Montana Code Reform Commission.

REP. KAUFMANN said, "There is a Code Commissioner who puts forward some bills for that consideration. What is the difference between this process and the one we have?" **REP. HARRIS** said he has had extensive conversations with the Code Commissioner about the two different functions. The basic job of the Code Commissioner is to go through and clean up the Code such as its grammatical problems, contingency clauses etc. At no point has the Code Commissioner ever been given the task of doing what HB 109 would do. It is to really look at contradictions and truly antique provisions, confusing provisions and unconstitutional provisions. All of those are a set of tasks that the Code Commissioner does not have.

In response to a comment from **REP. WITT**, **REP. HARRIS** said there will be contradictions between bills during the session and we

should look at that and it should be an ongoing obligation of the legislature. Once those bills have been passed and they are in law and those contradictions remain, they are old manifestations of past legislatures.

Closing by Sponsor:

REP. HARRIS closed the Hearing on HB 109.

HEARING ON HB 125

Sponsor: **REP. CAROL LAMBERT, HD 1, Wibaux, Hammond, Carter and Powder River**

Opening Statement by Sponsor:

REP. LAMBERT said this bill is actually clean-up work. There is a small fiscal note. The bill changes the rate, then interest is computed on the late payment of taxes. This bill changes the wording to say that it would be a designated period or fraction of a designated period.

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony:

Neil Peterson, Montana Department of Revenue, said he would answer any questions.

Questions from Committee Members and Responses: None

Closing by Sponsor:

REP. LAMBERT closed the Hearing on HB 125 by saying the bill is about fairness. The wording in HB 125 will uphold the trust the people have in government.

HEARING ON HB 231

Sponsor: **REP. KARL WAITSCHIES, HD 96, Glasgow**

Opening Statement by Sponsor:

REP. WAITSCHIES said the reason people are late with their taxes is because they don't have the money. Then to charge an additional 30% per year is not the right thing to do. To have a

fair percentage of interest and penalties would be the proper way to go. The bill reduces the interest rate down to 9% and the penalty to 9% for a total of 18%. The fiscal note is not that bad right now. It is about \$220,000 for one year. That is not the complete picture. There will be long-range impacts. In four or five years it could be up to \$2.5 million. Currently that note is small because the date does not go into effect until the next year so it misses this biennium. However, he questioned if the people of Montana should be charged 30% for not having the money to pay their taxes.

Proponents' Testimony:

Mike Fellows, Montana Libertarian Party,

Webb Brown, Montana Chamber of Commerce and spoke for Mary Whittinghill, Montana Taxpayers' Association.

Opponents' Testimony: None

Informational Testimony:

Neil Peterson, Montana Department of Revenue, said the Department's position is that uniform penalty and interest makes a lot of sense. As to what the rate is, that is up to the Legislature to decide. He explained the amendments (Exhibit 1) which he prepared that are in line with continuing to make penalty interest calculations uniform across all the taxes and fees the government administers.

EXHIBIT (aph23a01)

Questions from Committee Members and Responses:

REP. LINDEEN referred a question to Mr. Brown concerning fluctuating interest rates. **Mr. Brown** said he would like to see it actually tied to something like prime because then they wouldn't have to come back in and change it.

REP. LINDEEN asked Mr. Peterson if the amendments he was proposing were agreed to by the sponsor. **Mr. Peterson** said at one point in time they were but was unsure of the status now.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 29.2}

REP. KASTEN asked, "If they would amend this bill to have it read 4% above prime or 5% above prime, would that fit?" **Mr. Peterson** said that is currently the way the Internal Revenue Service does. As far as the Department is concerned, programming such things

add a certain amount of complexity. This particular bill would mean changing their administrative cost.

REP. LINDEEN asked **REP. WAITSCHIES** if this bill and **REP. LAMBERT'S** bill, HB 125, would work together. **REP. WAITSCHIES** said they would.

REP. HEDGES asked Mr. Peterson, "Would interest that is owed to the Internal Revenue, based on this legislation, be deductible?" **Mr. Peterson** said, "It is deductible. Interest is deductible but a penalty is not deductible."

Closing by Sponsor:

REP. WAITSCHIES closed the Hearing on HB 231.

CHAIRMAN LEWIS explained reasons for not having Executive Action on bills at this meeting and then adjourned.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 7.2}`

ADJOURNMENT

Adjournment: 4:05 P.M.

REP. DAVE LEWIS, Chairman

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT (aph23aad)